FILE COPY

Office - Supreme Court, U.
FILED
JAN 5 1949
CHARLES ELMORE
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1948.

No. 449

BORG-WARNER CORPORATION AND DAVID E. GAMBLE,

Petitioners,

vs.

GEORGE I. GOODWIN,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

RAYMOND L. GREIST,
Counsel for Respondent.

THE BUNTHORP-WARREN PRINTING COMPANY, 310 WEST JACKSON, CHICAGO 56

INDEX.

PAGE

Foreword 1

Recent History of This Litigation..... 2

Earlier History of the Litigation Relating to the Merits 4

Argument 7

Only a Single Invention Was Covered by the Daukus Patent. The Broadest Claims of the Patent Were Involved in the Interference With Petitioners..... 9

Respondent's Appeal Was Intended to and Did Embrace the Unfavorable Ruling of the District Court in Holding the Patent Invalid in Its Entirety. Petitioners so Understood It. They Were Not Misled or Prejudiced in Any Way..... 11

Respondent Was Not Under the Necessity of Making Any Disclaimer 15

Conclusion 17

IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1948.

No. 499

BORG-WARNER CORPORATION AND DAVID E. GAMBLE,

Petitioners,

vs.

GEORGE I. GOODWIN,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

FOREWORD.

The grounds of Petitioners' present petition are **identical** with those of their previous petition for certiorari in *Borg-Warner Corporation and David E. Gamble* v. *George I. Goodwin and John F. Daukus,* October Term 1946, No. 1443, which previous petition is set forth in this record commencing at page 339. That petition for certiorari was denied June 23, 1947 (R. 386).

A still earlier petition for certiorari in *Borg-Warner Corporation and David E. Gamble* v. *George I. Goodwin*

and John F. Daukus, October Term 1946, No. 700, also was denied. The grounds of Petitioners' present petition are also **identical** with those of Point III of their first petition for rehearing and those of their second petition for rehearing of said earlier petition for certiorari, said Point III being set forth in this record commencing at page 240, said second petition for rehearing being set forth in this record commencing at page 334. Said first petition for rehearing was denied February 4, 1947 (R. 245), and said second petition for rehearing was denied June 23, 1947 (R. 386).

Recent History of This Litigation.

This case was decided on its merits by the Court of Appeals for the Sixth Circuit on July 1, 1946 (R. 186).

Since that time Petitioners have engaged in a seemingly unending series of maneuvers, back and forth between this Court, the Court of Appeals and the District Court, to postpone the consequences of their adjudicated infringement, by way of various motions, petitions for certiorari and petitions for rehearing, the last six of which have set up identically the same grounds for consideration as those now again relied on by Petitioners in their present petition.

After two petitions (R. 198, 231) to the Court of Appeals for a rehearing on the merits had been denied (R. 228, 236) Petitioners applied to this Court for certiorari, Case 700, October Term, 1946. This was denied January 6, 1947 (R. 237).

It was in a petition to this Court for a rehearing in case 700 following said last mentioned denial that Petitioners, having exhausted the right to further moves with respect to all their earlier contentions, started off on a new tangent and for the first time contended, as Point III of their petition (R. 240), that the judgment on the merits

should be vacated because of an alleged need on the part of Respondent to file a disclaimer as to certain claims of the patent in suit following entry of the original judgment by the District Court (R. 39) holding the patent invalid in its entirety. That judgment was based solely on the finding—later reversed in its entirety by the Court of Appeals—that no patentable invention had been disclosed in the application for the Daukus patent (R. 37, lines 18 and 19). Neither the judgment nor the findings of fact touched upon the scope or validity of any particular claim or claims. All of the claims were held invalid as a matter of course by the District Court because their validity, irrespective of their scope, necessarily depended in the first instance on the existence of a disclosure of patentable subject matter in the application, which disclosure the District Court without more had found to be lacking.

All of the reasons now urged by Petitioners for asking certiorari were fully presented to this Court at the time of that petition, now almost two years ago. Said petition was denied February 4, 1947 (R. 245).

Petitioners thereafter filed in the Court of Appeals a Motion to Vacate Decree and Dismiss Appeal (R. 248) and a Motion to Amend and Reform Decree (R. 264), both based on the same disclaimer contention. Briefs were filed in support of both motions (R. 260, 273, 288) and in opposition thereto (R. 276). The motions were set down for hearing and the Court of Appeals, after considering the entire record and hearing oral arguments, denied the motions (R. 327).

Petitioners next filed here a second petition for rehearing (R. 334) of their petition for certiorari in Case 700, again submitting the same disclaimer question for consideration by this Court. That second petition for rehearing was denied June 23, 1947 (R. 386).

Petitioners also filed a new, or second, petition for certiorari, as Case 1443, October Term 1946 (R. 339), presenting for the **third** time to this Court the very same facts and reasons previously urged as to why in their opinion Respondent should have filed a disclaimer following entry of the original judgment by the District Court. Said second petition for certiorari also was denied June 23, 1947 (R. 386).

Respondent thereupon moved the District Court for entry of judgment pursuant to mandate (R. 389).

Petitioners countered by petitioning the District Court (R. 390) to stay proceedings on the mandate until that Court also had considered their disclaimer contention. The District Court, after considering briefs and hearing oral arguments, which presented the matter fully, overruled the petition and on October 31, 1947 entered Judgment on Mandate (R. 437).

Petitioners then appealed from the Judgment on Mandate and from the order overruling their petition (R. 439). Once again the same disclaimer contention was submitted to the Court of Appeals, which again found no merit in Petitioners' position and affirmed the action and judgment of the District Court (R. 525).

That brings us to the present, or third, petition for certiorari in which this Court for the **fourth** time is asked to concern itself with a question that differs not at all from petitioners' three earlier presentations to this Court.

Earlier History of the Litigation Relating to the Merits.

This litigation started in 1939 with an interference in the Patent Office between Gamble, assignor to Borg-Warner Corporation, one of the Petitioners, and Daukus, assignor to Respondent. Both parties claimed inventorship of a clutch plate for motor vehicles.

The Patent Office finally decided the issue of priority of invention in favor of Daukus (R. 12-22) and in due course thereafter granted him patent No. 2,324,913, here in suit (R. 309).

Petitioners, through an action under R. S. 4915 (R. 1), carried the issue of priority of invention to the United States District Court for the Eastern District of Michigan, Southern Division, claiming that Gamble, and not Daukus, should have been awarded priority. The prayer of Petitioners' complaint in said action (R. 8) asked that the Commissioner of Patents be directed to issue a patent on the invention to Borg-Warner as assignee of Gamble, and asked that such patent include the issue of the Interference, *i. e.*, the ten claims which later became claims 1, 2, 3, 13, 14, 15, 17, 18, 19 and 20 of the Daukus patent.

After the 4915 action was started by Petitioners the Daukus patent issued. Petitioners thereupon filed a supplemental complaint (R. 23), based on the Declaratory Judgment Act, alleging the Daukus patent to be invalid and not infringed. Respondents' answer to the supplemental complaint included a counterclaim (R. 29), alleging the patent to be valid and infringed.

The questions of priority of invention, invalidity and infringement, involved but a single invention covered by the Daukus patent as a whole. During the trial certain claims were selected as illustrative on the issue of infringement.

The District Court, without considering the scope of any of the claims, found that no patentable invention had been disclosed in the application for the Daukus patent (R. 37) and on the basis of that finding decreed all of the claims of the patent, in other words the patent in its entirety, to be invalid. It dismissed the original complaint in which Petitioners had asked that a patent on the same invention

be granted to them, and it dismissed the counterclaim in which Respondent had asked that the patent be found valid and infringed. The judgment makes no mention of the supplemental complaint, which involved exactly the same issues as the counterclaim. Respondents appealed from the judgment dismissing the counterclaim.

The decision of the District Court holding the patent invalid for lack of disclosure of any patentable invention in the application for the patent was reversed by the Court of Appeals, whose opinion is set forth in full at pages 186 to 196 of the Record and is reported in 157 F. (2d) 267.

In its opinion the Court of Appeals stated at the outset that "The principal question is the validity of the patent" (R. 186); said at another place "We think that the invention is clearly patentable" (R. 190); and said at another place "We conclude that the patent is valid" (R. 196).

As to infringement the Court of Appeals said "The District Court made no finding on the question of infringement. The appellees do not seriously deny infringement" (R. 189).

The Court of Appeals found, directly contrary to the District Court, that patentable invention had been disclosed, also that infringement was evident, and remanded the case for an accounting and further proceedings in accordance with its opinion (R. 197).

ARGUMENT.

Certainly a litigant should be afforded every opportunity to advance any contention which he desires to make, but where as here the same contention has been hashed and re-hashed throughout a long series of skillfully initiated repetitious proceedings an end should finally be put to such proceedings.

As in each of their three earlier presentations to this Court Petitioners persist in misstating the facts with respect to the consideration and treatment which the claims of the patent received from the District Court. In their petition and brief they make reference at several places to "broad" claims, "admittedly broad" claims, "admittedly invalid" claims, etc., for which there is no basis in fact.

Nowhere in the voluminous trial record* or elsewhere was any distinction drawn or comparison attempted by either of the parties, or by the District Court, or by the Court of Appeals with respect to the scope or validity of any particular claim or claims. The offhand reference by Respondent's attorney to claims 1 and 2 (R. 456) was purely random illustration in connection with abstract discussion and was so understood and treated by the District Court.

The issue before the District Court and later before the Court of Appeals was first and always whether any patentable invention had been disclosed in the application for the patent. The District Court said "No". The Court of Appeals said "Yes", reversing on appeal the

* Record in Case 700, October Term, 1946.

sole finding of fact and basis on which the District Court had held all the claims, *i.e.* the patent in its entirety, invalid.

The District Court in deciding the case never concerned itself with the wording or scope of any of the claims, or whether any particular claim or claims were broader than any other claim or claims. It simply was unable to see any invention at all in anything disclosed in the application for the patent, irrespective of how broadly or narrowly the disclosed subject matter might have been claimed, and on the basis of that finding and that finding alone, condemned the patent, of necessity, in its entirety.

The Court of Appeals certainly had jurisdiction to review and pass upon the correctness of the Finding (No. 11) underlying the District Court's decision that the Daukus patent was invalid as to all its claims for failure to disclose any patentable invention in the application for the patent. The Court of Appeals was not required by the Record, or by the decision of the District Court, or called upon by Petitioners, to go into the question of the validity of any particular claim or claims as distinguished from other claims. The District Court had condemned the patent as a whole. It did not decide, or find, or adjudicate, that one or more of the claims was broader than the alleged invention disclosed by the patent. All claims, regardless of wording, form, breadth or permissible interpretation, were held invalid, for having been incorporated in a patent based on an application which the District Court said did not disclose any patentable invention (R. 37).

Only a Single Invention Was Covered by the Daukus Patent. The Broadest Claims of the Patent Were Involved in the Interference With Petitioners.

The Daukus patent (R. 309) discloses and claims but a single invention, which invention formed the issue of the interference Proceeding in the Patent Office between the same parties. The interference re-explored the question of patentability as well as priority of invention. It was finally decided in Daukus' favor on Nov. 3, 1942 (see Decision of Board of Interference Examiners, R. 12-22). The majority of the claims involved in the interference and awarded to Daukus were drafted by Petitioners' present attorneys.

The claims of the Daukus patent are all directed in varying phraseology to this one invention, which invention Petitioners, before the District Court, continued to attempt to wrest from Respondent and patent for themselves (see Bill of Complaint, R. 1).

All of the claims, without exception, cover one particular construction of clutch plate, which construction Borg-Warner terms its "Borglite" plate (R. 189)—the construction which the Court of Appeals found to be an infringement.

The patent contains twenty-three claims. Ten of the claims, namely claims 1, 2, 3, 13, 14, 15, 17, 18, 19 and 20, constituted the counts of the exhaustively contested interference between the parties, from which interference this suit first developed as an action under R. S. 4915. Borg-Warner not only conceded but insisted throughout the interference proceeding that every one of those ten claims read upon its "Borglite" plate and were patentable.

In picking out a reduced number of representative claims to illustrate infringement Respondent selected but six of

the ten interference issue claims, namely claims 13, 14, 15, 17, 19 and 20. To embrace the remaining claims of the patent in a representative manner Respondent selected three other claims, namely claims 4, 6 and 23, which claims had not been involved in the interference but were directed to identically the same subject matter. The remaining claims of the patent, namely claims 1 to 3 inclusive, 5, 7 to 12 inclusive, 16, 18, 21 and 22, all directed to the same invention, were either admittedly infringed interference issue claims or claims of the same or more limited scope than the claims which were selected.

In other words, every claim of the patent, without exception, was either (1) one of the counts of the interference, or (2) selected to illustrate infringement, or (3) substantially identical with either (1) or (2).

To illustrate this more specifically—Claim 1 of the patent was Interference Count No. 1; claim 2 was Interference Count No. 2; claim 3 was Interference Count No. 3; claim 4 was selected to illustrate infringement; claim 5 is of substantially the same scope as claim 6 (which claim was selected to illustrate infringement); claim 6 was selected to illustrate infringement; claims 7 to 12 inclusive are of substantially the same scope as claim 18 (which claim was Interference Count No. 8); claim 13 was Interference Count No. 4, it was also selected to illustrate infringement; claim 14 was Interference Count No. 5, it was also selected to illustrate infringement; claim 15 was Interference Count No. 6, it was also selected to illustrate infringement; claim 16 is of substantially the same scope as asserted claim 15; claim 17 was Interference Count No. 7, it was also selected to illustrate infringement; claim 18 was Interference Count No. 8; claim 19 was Interference Count No. 9; claim 20 was Interference Count No. 10; claim 21 is of substantially the same scope as claim 18 (which was

Interference Count No. 8); claim 22 is of substantially the same scope as asserted claim 23; and claim 23 was selected to illustrate infringement.

Respondent's Appeal Was Intended to and Did Embrace the Unfavorable Ruling of the District Court in Holding the Patent Invalid in Its Entirety. Petitioners so Understood It. They Were Not Misled or Prejudiced in Any Way.

In the counterclaim Respondent had specifically prayed the Court to decree the *patent* (not just certain claims of the patent) to be valid (R. 30). When it decreed otherwise by holding all of the claims invalid, for a reason having nothing to do with the scope of any claim or group of claims, Respondent appealed, addressing his appeal to that part of the judgment which dismissed the counterclaim (R. 42), since the question of the validity of the patent as a whole was embraced within the counterclaim by that prayer.

Respondent's purpose in amending the notice of appeal was to avoid any question of having appealed from that part of the judgment which was in Respondent's favor, namely, the dismissal of the original complaint, which complaint was concerned with the question of priority of invention as between Daukus and Gamble. As the supplemental complaint was not referred to specifically in the judgment it was felt that the form of the notice would be improved by stating that the appeal was from the dismissal of the counterclaim, as the counterclaim was in all substantial respects the exact counterpart of the supplemental complaint and involved the same two issues, namely (1) validity of the patent and (2) infringement.

Petitioners' attack against the validity of the patent was never, either before the District Court or before the Court of Appeals, addressed to any particular claim or claims

but was directed instead against the validity of the patent in its entirety—in other words, against all of the claims of the patent irrespective of whether or not some might be broader than others.

In determining what construction is to be placed upon a notice of appeal Courts refuse to be influenced by technicalities in the notice but instead look to the substance. To do substantial justice, a construction is placed on the notice consistent with the nature of the case, the issues involved in the judgment appealed from, the evident intent of the appealing party, and the construction placed on the notice of appeal and the appeal proceeding by the opposing party.

The ruling of the District Court that all of the claims of the Daukus patent were invalid, solely for lack of support of a disclosure of anything patentable in the application for the patent, was the basis for the dismissal of the counterclaim, and the notice of appeal directed to the dismissal of the counterclaim in a very real sense embraced that ruling.

Petitioners so understood the counterclaim and the scope of the notice of appeal. Before the Court of Appeals they strenuously argued the validity of *every* claim of the patent (R. 143-152), not merely the claims which had been selected for assertion on the issue of infringement.

Petitioners in again urging their present contentions do so in complete disregard of the following:

(1) The nature and purpose of the entire proceedings before both the District Court and the Court of Appeals, and particularly the counterclaim and the comprehensive prayer for relief therein, which prayer asked (R. 30), in addition to a dismissal of the original and supplemental complaints, that the patent be decreed valid;

(2) The plain intent of the notice of appeal, ad-

dressed to the dismissal of the counterclaim, which dismissal was grounded solely on the holding that the patent was invalid as to all the claims, not because any or all of the claims too broadly covered the subject matter disclosed, but rather because the **application** for the patent in the opinion of the District Court had failed to disclose any patentable subject matter.

(3) The fact that the counterclaim was in all substantial respects the same in reverse as the supplemental complaint—one asking that the patent be decreed valid (R. 30), the other asking that it be decreed invalid (R. 26); one asking that it be decreed infringed (R. 30), the other asking that it be decreed not infringed (R. 26);

(4) The fact that pursuant to the notice of appeal the complete trial record was designated for inclusion by stipulation (*R. 45-49) and brought up on appeal, for the purpose of obtaining review on the merits of the question of whether the disclosure involved patentable subject matter, the evidence in the record having been directed primarily to that question;

(5) The fact that the question of whether patentable invention had been disclosed was thereafter specifically set forth by Respondents in their brief before the Court of Appeals, under "Statement of Questions Involved," as the first of the two questions designated for review and determination (R. 44), in compliance with Rule 21-2 (2) of that Court, and was accepted and subscribed to verbatim by Petitioners in their brief (R. 97) in compliance with Rule 21-3;

(6) The fact that petitioners understood the appeal and the notice on which the appeal was predicated as necessarily embracing the question of the validity of the patent as a whole, in view of the lack of patentable disclosure finding by the District Court, and devoted most of their brief to that question, separately attacking the validity, not of just certain claims, but of every one of the claims of the patent (R. 143-152),

* Record in Case 700, October Term, 1946.

concluding with the significant assertion (R. 152): "Thus none of the claims * * * is valid to Daukus, the patent is invalid in its entirety.";

(7) The fact that Respondent at no time did anything in connection with the appeal to mislead or prejudice Petitioner, but on the contrary consistently contended that Daukus' contribution to the clutch plate art as disclosed in his application **did** amount to patentable invention and that the patent therefore was **not** invalid for that reason.

(8) The fact that this technical contention of Petitioners was pure afterthought, as evidenced, not only by the construction which they themselves placed upon the scope of the notice and appeal in again attacking the validity of the patent in its entirety but in their failure to conceive of the possibility of further protracting the litigation in this manner until much later.

(9) The way in which the Rules of Civil Procedure are intended to be construed, to do substantial justice—as reflected for example in Rule 1: "They shall be construed to secure the just, etc."; in Rule 8 (f): "All pleadings shall be so construed as to do substantial justice."; and in Rule 61: "No error * * * in anything done or omitted * * * by any of the parties is ground for * * * vacating, modifying, or otherwise disturbing a judgment or order, unless refusal to take such action appears to the Court inconsistent with substantial justice. The Court at every stage of the proceeding must disregard any error or defect in the proceeding which does not affect the substantial rights of the parties."

The validity of every claim of the Daukus patent obviously depended in the first instance on whether any patentable invention had been disclosed in the application for the patent. Without such a disclosure no claim of the patent could be valid, irrespective of any limitations incorporated therein. The District Court found that no invention had been disclosed in the application and left

the matter there, without considering the scope of any of the claims, such consideration having been unnecessary under the circumstances.

Respondent's appeal was therefore primarily addressed to the question of whether what Daukus had disclosed did or did not amount to patentable invention. On the appeal, at the very beginning of Respondent's brief, this question was presented, in compliance with the rules of the Court, as the No. 1 issue under "Statement of Questions Involved," as follows (R. 44):

> "1. Did Daukus' contribution to the clutch plate art amount to patentable invention in view of the state of the art at the time he made the invention?
>
> The District Judge found that it did not amount to patentable invention.
>
> The District Judge should have found that it did."

Respondent Was Not Under the Necessity of Making Any Disclaimer.

The disclaimer statutes, R. S. 4917 and 4922, were enacted for the purpose of remedying a situation where certain claims of a patent, distinguishable patentably from other claims of the patent, were invalid because broader than the patentee's invention. Prior to such enactment any patent containing a claim which was broader than the invention was invalid in its entirety. The disclaimer statutes permit a patentee who finds that he has a "bad spot" in his patent to eliminate the same. The present case does not present such a situation.

Respondent's position throughout this litigation has consistently been that the patent is valid and that all of the claims of the patent are directed to a single invention. The District Court did not find any particular claim or claims to be broader than the invention disclosed in the patent,

or patentably distinguishable from others. Instead, it found the patent invalid in its entirety, solely because it was of the opinion that nothing of a patentable character had been disclosed in the application for the patent. It did not consider the scope of any claim or claims.

In the counterclaim Respondent had prayed that the patent be decreed valid (R. 30). He had also prayed that the patent be decreed infringed (R. 30). The prayer of the counterclaim with respect to the issue of validity was not restricted to any claim or group of claims but was directed to the patent as a whole. Likewise, the prayer with respect to infringement was not limited by the language of the counterclaim to any particular claim or group of claims.

During the trial before the District Court Respondent selected, for the purpose of showing infringement, and for no other purpose, a number of claims which he considered typical of what the patent covered. Those claims, as Petitioners well know, and so asserted in the Patent Office, were not the only claims of the patent which covered Petitioners' "Borg-lite" plate. All of the claims involved in the interference covered that plate. Those selected were selected merely to simplify the work of the Court in passing on the question of infringement.

Respondent has never conceded, and has never been in a position where there was any reason for him to concede, that any of the claims of the patent are broader than the invention disclosed in the patent—which is the only situation where statutory disclaimers properly apply.

Conclusion.

Petitioners' present contention comes down to a question of whether or not the construction or interpretation which everyone, including Petitioners, placed upon the notice of appeal, viz., that the issue of validity of the patent as a whole was being carried to the Court of Appeals, was permissible considering the subject matter and history of the litigation, the nature of the counterclaim, which paralleled the supplemental complaint, and the comprehensive relief prayed for in the counterclaim. Such was the only logical construction that could have been placed on the appeal. Only by adhering to that construction can substantial justice be done.

Respondent submits that this third petition for certiorari, directed to exactly the same disclaimer contention which was raised in the first and second petitions for certiorari, is without merit and should be denied.

Respectfully submitted,

RAYMOND L. GREIST,
Counsel for Respondent.